

Message Text

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ORIGIN EB-11

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DRAFTED BY EB/AN:JBMAGNOR:SB

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TO AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 164489

E.O. 11652: GDS

TAGS: ETRN, UR, US

SUBJECT: CIVAIR: PAN AMERICAN/AEROFLOT PROBLEMS

REF: MOSCOW 10024 AND PREVIOUS

SUMMARY: DEPUTY ASSISTANT SECRETARY ARMITAGE AND SOVIET EMBOFFS VORONTSOV AND NOVASH DISCUSSED PAN AM/AEROFLOT PROBLEMS ON JULY 22. VORONTSOV, WHO WAS SOVIET SPOKESMAN THROUGHOUT MEETING, CLAIMED PROBLEMS WERE CAUSED BY PAN AM AND PAN AM WAS GUILTY OF A NUMBER OF ILLEGAL COMMERCIAL VIOLATIONS WHICH HE ENUMERATED. ARMITAGE ACKNOWLEDGED THAT PROBLEMS EXISTED BUT REAL PROBLEM WAS THAT PAN AM'S ABILITY TO DO BUSINESS IN THE SOVIET UNION WAS HINDERED BY SERIOUS VIOLATIONS OF INTERLINE AND BILATERAL CIVAIR AGREEMENTS. ARMITAGE AGREED THAT THERE WAS MERIT IN VORONTSOV PROPOSAL THAT THE TWO AIRLINES GET TOGETHER BUT SUGGESTED THAT WE REVIEW PROBLEMS ON GOVERNMENT-TO-GOVERNMENT BASIS. WE PLAN DISCUSS THIS POSSIBILITY AMONG OTHER THINGS WITH PAN AM OFFICIALS WITHIN A FEW DAYS.END SUMMARY.

1. SOVIETS EMBOFFS VORONTSOV AND NOVASH CALLED ON DEPUTY
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ASST SECRETARY ARMITAGE ON JULY 22 TO DISCUSS PAN AM/

AEROFLOT PROBLEMS. VORONTSOV SAID THAT PROBLEMS EXISTED IN US-USSR CIVIL AIR RELATIONS AND ASSERTED THAT PAN AM'S DISINTEREST IN SERVING SOVIET UNION" WAS CAUSE OF

PRESENT DIFFICULTIES. HE CLAIMED THAT ON ONE HAND PAN AM REFUSES TO DISCUSS ITS ALLEGED PROBLEMS WITH AEROFLOT WHILE ON OTHER HAND IT ATTEMPTS TO CURTAIL AEROFLOT SERVICE AND IS APPARENTLY BEHIND HARASSMENT OF AEROFLOT IN US. IN THIS CONNECTION HE CITED NEW YORK COURT CASE AND AEROFLOT SUBPOENA.

2. VORONTSOV SAID THAT PRESENT AVIATION PROBLEMS APPEARED ATYPICAL DIFFICULTIES IN OTHERWISE GOOD PRESENT US-USSR RELATIONS AND THAT FOR THIS REASON SOVIET EMBASSY AND MFA ANXIOUS TO RESOLVE DIFFERENCES. HE ADDED, HOWEVER, THAT MFA WAS DISTURBED AT "GROSS PAN AM VIOLATIONS" IN

CONDUCT ITS BUSINESS IN SOVIET UNION, AND AS RESULT OF THESE "DOCUMENTED ILLEGAL ACTIVITIES" (VORONTSOV REFERRED INTER ALIA TO ILLEGAL RUBLE SALES, WRITING TICKETS SOLD IN MOSCOW TO APPEAR AS IF SOLD IN NEW YORK, AND REWRITING TICKETS ON AEROFLOT TO PAN AM), MFA EFFORTS TO PREVENT SANCTIONS AGAINST PAN AM WERE WEAKENED. HE CONCLUDED THAT SINCE PAN AM'S COMPLAINTS WERE MINOR AND ITS PAST PROBLEMS HAD ALWAYS BEEN RESOLVED, FIRST STEP TO SOLUTION WOULD INVOLVE PAN AM AND AEROFLOT GETTING TOGETHER TO WORK OUT DIFFERENCES THEMSELVES.

3. ARMITAGE EXPLAINED THAT THE NEW YORK COURT CASE INVOLVING AEROFLOT DID NOT REPRESENT HARASSMENT AND FURTHER THAT INVESTIGATION OF AEROFLOT, UNLIKE CASE OF OTHER AIRLINES FLYING NORTH ATLANTIC, WAS NOW APPARENTLY RESOLVED. ARMITAGE SAID HE AGREED WITH VORONTSOV THAT PROBLEMS CLEARLY EXISTED BETWEEN THE TWO AIRLINES ADDING THAT THE USG INTERESTED IN THE RESOLUTION OF THESE PROBLEMS AND FURTHER DEVELOPMENT OF US-USSR CIVIL AIR RELATIONS. HE POINTED OUT, HOWEVER, THAT ALTHOUGH VORONTSOV CLAIMS PAN AM REFUSES TO DISCUSS ITS PROBLEMS WITH AEROFLOT, MFA STILL HAS NOT RESPONDED TO AMEMBASSY'S NOTE OF APRIL 18 ON SUBJECT OF AEROFLOT VIOLATIONS, CONFIDENTIAL

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WHILE IN MEANTIME SITUATION FOR PAN AM HAS IN FACT WORSENER. ARMITAGE ALSO POINTED OUT THAT PAN AM'S COMPLAINTS WERE FAR FROM MINOR AND THAT USG VIEWED TICKETING AND RELATED PROBLEMS AS SERIOUS VIOLATIONS OF CIVIL BILATERAL AND AIRLINES' INTERLINE AGREEMENTS, AS AN IMPEDIMENT TO EMBASSY MOSCOW'S OPERATIONS AND AS CREATING SITUATION DISTINCTLY LACKING RECIPROCAL ADVANTAGES--A SITUATION NOT CONDUCIVE TO FURTHER

DEVELOPMENT OF BILATERAL CIVIL AIR RELATIONS. ARMITAGE
AGREED THERE WAS MERIT IN TWO AIRLINES GETTING TOGETHER

BUT SUGGESTED THAT DEPARTMENT AND EMBASSY REVIEW OUT-
STANDING PROBLEMS IN NEAR FUTURE IN EFFORT TO FIND WAY TO
RESOLVE DISPUTES AND PROVIDE GUIDANCE FOR AIRLINE DIS-
CUSSIONS. VORONTSOV AGREED THAT THIS WOULD BE USEFUL.

4. COMMENT. WE INTEND TO CONSULT WITH PANAM IN FEW DAYS
TO REACH UNDERSTANDING REGARDING APPROACH TO BE TAKEN. WE
WOULD HOPE TO AVOID PROBLEMS WHICH HAVE DEVELOPED IN PAST
WHEN DEPARTMENT'S EFFORTS TO SECURE AMELIORATION OF
OF PAN AM'S DIFFICULTIES WERE UNDERCUT BY FREE-WHEELING
ACTIVITIES OF PANAM REPRESENTATION IN MOSCOW. WE CONTINUE
TO FEEL STRONGLY THAT PANAM SHOULD NOT ATTEMPT TO SOLVE
ITS PROBLEMS BY OPERATING IN MANNER INCONSISTENT WITH
BILATERAL AND INTERLINE AGREEMENTS, BUT RATHER THAT
PRESSURE SHOULD BE MAINTAINED ON SOVIETS TO LIVE UP TO
THEIR OBLIGATIONS. OUR LEVERAGE IN SECURING IMPROVED
SOVIET BEHAVIOR SHOULD BE STRONG SINCE SOVIETS OBVIOUSLY
DESIRE TO RENEGOTIATE CIVIL AIR PROTOCOL BEFORE THEIR
SERVICES TO US ARE CUT BACK TO TWO FREQUENCIES ON
OCTOBER 31.

5. IN PREPARING TALKING POINTS FOR USE WITH SOVIETS ON
CURRENT PAN AM/AEROFLOT PROBLEMS, WE WILL WELCOME EMBASSY'S
THOUGHTS REGARDING GENERAL APPROACH. WE ALSO WILL NEED TO
KNOW PROMPTLY IF THERE IS ANY CHANGE IN PAN AM'S SITUATION
AS REPORTED PREVIOUSLY. INGERSOLL

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